# MEMORANDUM OF UNDERSTANDING

BETWEEN

## GOVERNMENT OF INDIA
### DEPARTMENT OF HEAVY INDUSTRY
### MINISTRY OF HEAVY INDUSTRIES & PUBLIC ENTERPRISES

AND

## ANDREW YULE & CO. LTD.

YEAR 2019-20

**Annexure-1**

**Name of the CPSE: ANDREW YULE & CO. LTD.**
**Brief for the year 2019-20**

**I. General Information:**

| Sl. | Particulars | Details |
|---|---|---|
| 1. | Name of the CPSE | ANDREW YULE & CO. LTD. |
| 2. | Holding / Subsidiary | Holding |
| 3. | Date of receipt of Draft MoU | 13th December, 18 |
| 4. | Status (Maharatna/Navratna/Miniratna-I/ Miniratna-II/None) | None |
| 5. | Schedule (A/B/C/D/unscheduled) | B |
| 6. | Purpose for which the CPSE was set up and the main business now | Trading and Manufacturing |
| 7. | Whether shares are listed (if yes, name of Stock Exchange and price of the share as on date) | Bombay Stock Exchange. Price as on 31.03.2018- Rs.28.90/-share. Price as on 31.12.2018 Rs.22.60/share. |
| 8. | Any business unit added/hived off or to be added/hived off and any change in Capacity during 2018-19 or proposed during 2019-20 (MoU Year) | - |
| 9. | Brief about the Sector in which the CPSE is operating and national and international environment, regulatory environment/ benchmarks etc. | Refer Annex B |
| 10. | Details of revival plan if approved | Not applicable |
| 11. | Any adverse comment by statutory auditors and its impact on Revenue/ Profit/ Loss/ Assets/ Liabilities for latest year. | As per auditor, profit for the year 2017-18 is overstated by Rs.0.19 cr. (Pg. No.67). |
| 12. | Whether C&AG Supplemented the comments of Statutory Auditor. If not, give details alongwith impact for latest year | Nil comment as per CAG report. |
| 13. | Number and Name of subsidiary companies along with amount invested and share in its profit/ (Loss) during last five years: **Refer Annex A.**<br>• In MoU 2018-19 three subsidiaries a) Hooghly Printing Co. Ltd., 2) Yule Engineering Ltd. and 3) Yule Electrical Ltd. were exempted from signing of MoU. **Yule engineering Ltd and Yule electrical Ltd does not have employees. As the turnover of Hooghly Printing Co. Ltd. is Rs.9.19 cr. as on 31.03.2018, hence PNC may consider to recommend parameters for these subsidiaries in the MoU of Holding Co.** | |
| 14. | Number and Name of Joint Venture companies along with amount invested and share in its profit/ (Loss) during last five years: **As per Annex. A.** | |
| 15. | **Score & Rating of last 5 years:** | |

| Year | Score | Rating |
|---|---|---|
| 2013-14 | 2.26 | Very Good |
| 2014-15 | 2.29 | Very Good |
| 2015-16 | 60.52 | Good |
| 2016-17 | 74.02 | Very Good |
| 2017-18 | 50.62 | Good |

**Annexure A :**

**Subsidiary:**

| Year | Name of subsidiary | Amt. invested at the year end (Rs. In Cr) | Share in its profit (Rs. In Cr) |
|---|---|---|---|
| 2013-14 | Hooghly Printing Co. Ltd. | 1.032 | 0.1024 |
| 2014-15 | Hooghly Printing Co. Ltd. | 1.032 | 0.0671 |
| 2015-16 | Hooghly Printing Co. Ltd. | 1.032 | 0.1266 |
| 2016-17 | Hooghly Printing Co. Ltd. | 1.032 | -3.6778 |
| 2017-18 | Hooghly Printing Co. Ltd. | 1.032 | -0.5904 |
| | | | |
| 2013-14 | Yule Engineering Ltd. | 0.05 | -0.0018 |
| 2014-15 | Yule Engineering Ltd | 0.05 | -0.0031 |
| 2015-16 | Yule Engineering Ltd | 0.05 | -0.0013 |
| 2016-17 | Yule Engineering Ltd | 0.05 | -0.0021 |
| 2017-18 | Yule Engineering Ltd | 0.05 | -0.0027 |
| | | | |
| 2013-14 | Yule Electrical Ltd. | 0.05 | -0.0032 |
| 2014-15 | Yule Electrical Ltd. | 0.05 | -0.0022 |
| 2015-16 | Yule Electrical Ltd. | 0.05 | -0.0008 |
| 2016-17 | Yule Electrical Ltd. | 0.05 | -0.0044 |
| 2017-18 | Yule Electrical Ltd. | 0.05 | -0.0022 |

**Joint Venture:**

| Year | Name of Joint Venture | Amt. invested at the year end (Rs. In Cr.) | Share in its profit (Rs. In Cr.) |
|---|---|---|---|
| 2013-14 | Katras Jherriah Coal Co. Ltd. | 0.0695 | -0.02 |
| 2014-15 | | 0.0695 | -0.00 |
| 2015-16 | | 0.0695 | -0.01 |
| 2016-17 | | 0.0695 | -0.01 |
| 2017-18 | | 0.0695 | -0.01 |
| | | | |
| 2013-14 | The New Beerbhoom Coal Co. Ltd. | 0.1227 | -0.00 |
| 2014-15 | | 0.1227 | -0.00 |
| 2015-16 | | 0.1227 | -0.01 |
| 2016-17 | | 0.1227 | -0.00 |
| 2017-18 | | 0.1227 | 0.00 |
| | | | |
| 2013-14 | Tide Water Oil Co.(I) Ltd. | 1.41 | 16.99 |
| 2014-15 | Tide Water Oil Co.(I) Ltd. | 1.41 | 41.57 |
| 2015-16 | Tide Water Oil Co.(I) Ltd. | 1.59 | 23.70 |
| 2016-17 | Tide Water Oil Co.(I) Ltd. | 1.59 | 26.50 |
| 2017-18 | Tide Water Oil Co.(I) Ltd. | 1.59 | 28.40 |

## ANNEXURE- B

## BRIEF ABOUT THE OPERATING SECTOR OF AYCL

**Andrew Yule &Company Limited (AYCL)** was incorporated in 26.05.1919 as a Private Sector Company with an objective to work as managing agency. With the abolition of managing agency system, the Company lost its traditional business and Government of India acquired the Company in 1979. AYCL is a Schedule-"B" CPSE in Medium and Light Engineering Sector together with Tea producing and manufacturing business under the administrative control of Ministry of Heavy Industries and Public Enterprises, Department of Heavy Industry with 89.25% shareholding by the Government. Its Registered Office is situated 8, Dr. Rajendra Prasad Sarani, Kolkata-700001, West Bengal.

AYCL is a nationalized enterprise in the business of both manufacturing and sale of Black Tea, Transformers, Regulators/Rectifiers, Circuit Breakers, Switches, Industrial Fans, Tea Machinery, Turnkey jobs etc. It has Operating Units in West Bengal at Kalyani (1 Unit), Kolkata (2 Units) and in Chennai, Tamilnadu (1 Unit) and 15 Tea Gardens across Assam and West Bengal.

As India's economy returned to growth path in financial year 2017-18 as the Gross Domestic Product growth was 6.7% annually with a strong 7.7% growth. With this and the strong growth projected for the current year also, there will be growing opportunities in power generation, distribution and transmission equipment. Though the development in Steel and Power sectors remained sluggish, growth in the Petrochemical & Fertilizer sector hold hope for improving order booking for engineering business in the current year. The Tea division of the Company continues to grow from strength to strength through its special emphasis on Quality of its produce and is now recognized as one of the "Top Quality Tea Producer" in the industry.

In North Indian Batting Order(Ranking), being a prime "Quality" parameter, all Assam and Dooars Tea gardens of your Company are within Top 29 ranking during the financial year 2017-18 which emphasizes continuous improvement in the batting order/ ranking. All gardens of the group are now having FSSAI License to operate and manufacture tea. With better field practices and major emphasis on Crop & Quality, the Tea Division of the Company will continue maintaining its profitability in the near future.

Annexure - II PART-A

| | Unit | Marks | 2018-19 (Est.) | Best in 5 Years | 2019-20 MOU Target | | | | | % of Improvement |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Excellent (5) | V. Good (4) | Good (3) | Fair (2) | Poor (1) | |
| **datory Parameters:** | | | | | | | | | | |
| **over** | | | | | | | | | | |
| nue from Operations (Net) | Rs. In Crore | 10 | 316.00 | 405.50 | 410.00 | 390.00 | 380.00 | 370.00 | 360.00 | 23.42 |
| **ating Profit/Loss** | | | | | | | | | | |
| ction in operating Loss/ Deficit over previous year | in % | 20 | -55.00 Cr. | 14.85 Cr. | 100.00 | 80.00 | 60.00 | 40.00 | 20.00 | 80.00 |
| **rn on Investment** | | | | | | | | | | |
| as percentage of Average Net Worth | in % | 20 | 4.25 | 29.24 | 5.50 | 5.00 | 4.00 | 3.50 | 3.00 | 17.65 |
| (1+2+3) | | 50 | | | | | | | | |

## Annexure - II PART B

| Optional Parameters : | Unit | Marks | 2018-19 (Est.) | Best in 5 Years | 2019-20 MOU Target Excellent (5) | V. Good (4) | Good (3) | Fair (2) | Poor (1) | % of Improvement |
|---|---|---|---|---|---|---|---|---|---|---|
| **Capacity Utilization** | | | | | | | | | | |
| Tea Production | LKG | 7 | 117 | 117.61 | 118 | 117 | 115 | 114 | 112 | 0.00 |
| Production of Transformer (Electrical Division) | MVA | 3 | 600 | 1387.65 | 1390 | 1300 | 1200 | 1100 | 1000 | 116.67 |
| **Exports as percentage of Revenue from Operations (Net)** | in % | 3 | 0.80 | - | 3.00 | 2.00 | 1.60 | 1.40 | 1.20 | 100.00 |
| **Production Efficiency Parameter** | | | | | | | | | | |
| Transfer of Electrical division to Yule Electrical Ltd. | Date | 3 | - | - | 01-02-2020 | 15-02-2020 | 29-02-2020 | 15-03-2020 | 31-03-2020 | |
| Transfer of Engineering division to Yule Engineering Ltd. | Date | 3 | - | - | 01-02-2020 | 15-02-2020 | 29-02-2020 | 15-03-2020 | 31-03-2020 | |
| **R&D / Technology up-gradation** | | | | | | | | | | |
| To set up a condition monitoring test center to measure the recurrent discharges observed inside the transformer during service to ensure reliable operation and extend the life expectancy of the transformers. | Date | 3 | | | 31-12-2019 | 15-01-2020 | 31-01-2020 | 15-02-2020 | 15-03-2020 | |
| **Inventory of finished goods and work in progress to Revenue from Operations (Net)** | No of Days | 3 | 20 | 14 | 14 | 20 | 24 | 28 | 32 | 0.00 |
| **Trade Receivables (Net) as number of days of Revenue from Operations(Gross)** | No of Days | 3 | 80 | 76 | 70 | 75 | 77 | 79 | 81 | 6.25 |
| **Return (Share of profit/loss) on Investment in JV** | | | | | | | | | | |
| Return (Share of profit / loss) on investment of Tide Water Oil Co.(I) Ltd. (JV) | in % | 3 | 1590.00 | 2948.23 | 1800.00 | 1700.00 | 1600.00 | 1560.00 | 1550.00 | 6.92 |
| **Human Resource Management** | | | | | | | | | | |
| Achievement of HR Parameters (As per list given Annexure B) | nos. | 4 | | | 9 | 8 | 7 | 6 | 5 | |
| Board Decision on implementation of Sabbatical policy for executives. | Date | 3 | | | 15-12-2019 | 31-12-2019 | 15-01-2020 | 31-01-2020 | 15-02-2020 | |
| Capability development programmes for employees to build their technical & managerial competencies for higher positions with special focus on introduction of Web learning programmes | Nos of Programmes | 3 | | | 5 | 4 | 3 | 2 | 1 | |
| **Other sector specific result oriented measurable parameters.** | | | | | | | | | | |
| Completion of merger of Hooghly Printing Corp. Ltd. with AYCL | Date | 3 | | | 31-07-2019 | 31-08-2019 | 30-09-2019 | 31-10-2019 | 30-11-2019 | |
| Reduction in Energy Consumption for production of per Kg Tea over the previous year | in % | 3 | 1.03 (kWH/kg) | 1.13 (kWH/kg) | 5 | 4 | 3 | 2 | 1 | |
| Increase in sales of owned packet tea over the previous year | in % | 3 | 0.47 Cr. | 0.52 Cr. | 100 | 90 | 80 | 70 | 60 | |
| Total (1+3+5+7+11+13+15+18+19) | | 50 | | | | | | | | |
| **Total [A& B ]** | | 100 | | | | | | | | |

The targets are based on Provisional figures submitted by the CPSE for 2018-19. In case of better performance, the difference between actual achievement and estimate submitted by the CPSE to the year 2018-19, shall be added to the targets of 2019-20 .

At the time of MOU Evaluation, whenever the figures are not verifiable from the Annual Report, verification of the same would be done on the basis of certification/ resolution by Board of Directors.

The targets decided in MoU are unconditional and no offset will be allowed . Further evaluation would be subject to compliance of additional eligibility criteria as contained in para 14.2 of MoU guidelines 2017-18 onwards.

**(DEBASIS JANA)**
Chairman & Managing Director
Andrew Yule & Company Limited

**(DR. A R SIHAG)**
Secretary to the Govt. Of India
Department of Heavy Industry.